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No. 09-476

Supreme Court, U.S.
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IN THE

Supreme Court of the United States

PATENT ENFORCEMENT TEAM, LLC,

Petitioner,

v.

DICKSON INDUSTRIES, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF IN OPPOSITION

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CORPORATE DISCLOSURE STATEMENT

Dickson Industries, Inc., is incorporated in the state of Oklahoma. It has no parent company, and there is no publicly held company that has any ownership interest in Dickson Industries, Inc.

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BRIEF IN OPPOSITION

INTRODUCTION

Petitioner has presented no compelling reasons for granting its Petition for a Writ of *Certiorari* ("Petition"). *See* Sup. Ct. R. 10. Specifically, Petitioner fails to demonstrate that the Federal Circuit's May 20, 2009 Decision ("Decision") is in conflict with the precedent of this Court or another Court of Appeals or that the Federal Circuit decided an important federal question that has not been settled by this Court. *See* Sup. Ct. R. 10(a)-(c).

Petitioner contends that the Federal Circuit's Decision upholding the district court's finding of tortious interference represents a radical departure from principles long embodied in federal patent law, conflicts with decisions of the Federal Circuit and would "effectively turn patent law on its head." Petitioner's contention is incorrect.

First, Petitioner contends its Petition should be granted because there was purportedly insufficient evidence to support the claim for tortious interference due to a lack of evidence that Petitioner's claims were "objectively baseless," i.e., in bad faith. Petition, pp 8-9. After arguing the sufficiency of the evidence — and in what appears to be an attempt to create something more than a mere sufficiency of the evidence argument — Petitioner "characterizes" the jury's finding of tortious interference as "based solely on a subjective bad faith standard." Petition, p. 10.

Contrary to these arguments: (1) the jury was instructed on the proper standard for tortious interference without objection by Petitioner who submitted substantially the same proposed instruction; (2) there is sufficient evidence to support the finding that Petitioner's claims were objectively baseless and in bad faith and the jury's verdict of tortious interference; (3) any argument regarding federal pre-emption is a red-herring because both Oklahoma law and federal law regarding tortious interference require a finding of bad faith; and (4) the jury here also found reckless disregard and intentional malice by clear and convincing evidence. (A1431-A1434). Accordingly, the Petition should be denied because there is no conflict between the Decision and the precedent of this Court or another Court of Appeals, and the Federal Circuit has not decided an important federal question that has not been settled by this Court. *See* Sup. Ct. R. 10.

Petitioner also asserts there was error below because the prior art presented at trial does not anticipate the '069 Patent. Addressing the sufficiency of the evidence, Petitioner focuses on statements its expert witness made at trial to support its argument that the prior art does not anticipate. Petitioner ignores, however, other testimony and evidence, which support the finding of anticipation by clear and convincing evidence. In short, Petitioner's disagreement with the facts is not a basis for granting the Petition, and in any event the evidence is sufficient to support the finding of anticipation.

Accordingly, for these reasons, and as set forth in more detail below, the Petition should be denied.

STATEMENT OF THE CASE AND FACTS

(A) Relationship and Interaction of the Parties

Glen Thomas and his wife are the owners of Patent Enforcement Team, LLC ("PET"), which was formed for the purpose of enforcing patent rights. Mr. Thomas and his wife also own Thomas Grinding, Inc. ("TGI"), a construction company involved in the rumble strip grinding business and manufacturing of equipment for grinding rumble strips. (A0896). TGI's services compete with Midstate Traffic Controls, Inc. ("MTC") and Sawhorse Investments, LLC ("SI"). Dickson Industries, Inc. ("Dickson") manufactures road grinding equipment and previously sold equipment to MTC and SI.

Dickson was the principal competitor of TGI in the manufacture of machines to cut rumble strips. (A0911). In previous litigation involving TGI and a third party, Wirtgen, Wayne Dickson, owner of Dickson, provided testimony adverse to Glen Thomas and TGI. (A0903); (A0985-0987). Following the litigation with Wirtgen, an agent, acting on behalf of Glenn Thomas, purchased United States Patent No. 4,701,069 (the "069 Patent") from the inventor, Mr. James Whitney, for $25,000. (A0904); (A1603-1612). Shortly thereafter, the '069 Patent was transferred to PET. *Id.*

(B) The '069 Patent and Notice of Prior Art – the Claimed Invention of the '069 Patent Was Not New

The '069 Patent is directed to the cutting of rumble strips in the *road* surface. Rumble strips of the type involved in this case can be cut into the road surface by a rotating cutting head moving down into the road surface and up above the road surface as it continuously moves forward. (A1450-1458).

The invention claimed in the '069 Patent was not new or "revolutionary" as Petitioner argues. Contrary to Petitioner's assertion, machines in the industry previously operated in a continuous manner. Mr. Whitney, the inventor of the '069 Patent, observed such rumble strip cuts in the *shoulder* in Florida prior to filing his patent application. (A1182-1184); (A1185); (A1189-1190). They were precisely placed, and as one skilled in the art, he concluded they had been automatically machine cut in a continuous manner. *Id.* Because Mr. Whitney had seen the Florida rumble strips, he instructed his attorney to limit the coverage of his patent claims to rumble strips and drainage grooves on the road and not the shoulder. (A1182-1184).

Before the lawsuit involving Dickson and its customers, PET sued a third party, *Dustrol*, in the Eastern District of Texas. (A0912-0913). Dustrol responded to Discovery Requests detailing prior art including the existence and operation of U.S. Patent Number 4,473,319 ("Spangler Patent") and the Modified Target Saw ("MTS"), and filed a Markman brief detailing the definition of road not including the shoulder. (A0926-0935); (A1104-1106). PET and Dustrol settled shortly thereafter. (A0925); (A1104).

The MTS, discussed at length at trial, was continuously operated, not only in normal operation, but when cleaning or "deglazing" the blade and in demonstrating its operation. (A1202); (A1207); (A1209-1210); (A0815); (A1581). The saw blade rotated all the time the engine was on during slot cutting or blade cleaning. (A0808-0809). The blade was raised ***above the road surface*** during continuous cutting/grinding operations and continued to rotate. (A1202). During blade cleaning, it was operated either on the shoulder or on an unused asphalt road surface. (A1203-1204). Again, the blade was raised above the surface, then lowered down into the road, during that cutting/grinding operation. (A1206-1210); (A0811-0814).

Other witnesses also testified to the use of machines cutting grooves in a continuous manner. Jeff Arnswald began his career designing and manufacturing road cutting and grinding equipment in 1971. (A0778-0794). He also used, designed and patented bump grinders. (A0788). Contrary to PET's contention, he testified he had observed bump grinders simultaneously rotated while being moved up and down into a surface to form a plurality of grooves through at least two cuts both on the shoulder and in an airport runway. The cutting head moved forward during the entire time and not just during the measured distance of a specific cut. (A0833-0843).

In addition to Mr. Arnswald, Dickson presented other independent witnesses, all with experience with rumble strips, road building and rumble strip grinding equipment who each testified to observation or knowledge of machines operating and cutting in a

continuous manner. Chris Bailey was involved in the pavement marking business all his working career, beginning in 1974. (A0858). He knew Mr. Whitney, the inventor of the '069 Patent. *Id.* He was familiar with and described in detail the operation of the MTS and the other prior art.

Glen Shed, who conceived of the MTS and had it built by Jeff Arnswald, testified extensively about its operation ***and its observation by Mr. Whitney*** before he filed his patent application. (A1201). Mr. Whitney, the inventor of the '069 Patent, was involved in the highway striping and safety business his entire career. He was deceased at the time of the trial, but his video deposition was presented. He testified that he unequivocally intended his patent to cover only the road and not the shoulder because he knew he had seen evidence of this method used on the shoulder in Florida. (A1182-1184).

(C) Participation of Petitioner with Its Counsel

PET and its principal, Mr. Thomas, were intimately involved in the actions taken after it obtained the '069 Patent. All pleadings, issues, drafts and decisions were discussed with PET. (A1102, ln. 6-A1103, ln. 20). It was the firm's practice to send Mr. Thomas copies of all pleadings. (A1120, lns. 4-19). Mr. Thomas admitted he and his attorney in the trial of this case, Mr. Bain, are a "team." (A0908, ln. 13–A0909, ln. 1).

Mr. Thomas admitted knowledge of the Spangler Patent prior to filing suit and the reexamination. (A0935, lns. 21-25). Mr. Bain also had an affidavit from

Mr. Whitney detailing his knowledge of the MTS and its continuous deglazing operation. (A0947, ln. 23–A0953, ln. 13). Mr. Thomas, PET and his attorneys had the Charles Thompson Affidavit and photographs regarding operation of the MTS before filing suit. (A0926, ln. 7–A0927, ln. 18). Mr. Thomas had the Shed and Arnswald Affidavits before filing suit, detailing operation of the MTS in a continuous manner. (A0936-0944, ln. 6); (A1125-1126). Neither PET nor its attorneys made any effort to contact Shed, Arnswald, Whitney or Thompson. (A0946, lns. 2-8). Mr. Thomas, PET and its attorney had the Spangler Patent and *Dustrol* Interrogatory responses before filing suit and before the reexamination was filed. (A0947, lns. 12-16).

PET and its counsel similarly knew and ignored that the rumble strips were only placed in the shoulder by Dickson's customers. (A0955-0958); (A1580-1583). It was objectively baseless and in bad faith to proceed, but Petitioner proceeded nonetheless for the malicious purpose to eliminate competition and retaliate against the principal of Dickson. Petitioner's strategy was to obtain licenses by setting a royalty figure at a calculated amount well below the cost of defending a patent case while threatening legal fees in excess of $1,000,000. (A1193); (A1461-1463); (A0909-0910). That strategy was successful with others but did not succeed with Dickson. (A1052-1053).

While pursuing its claims against Dickson, PET was further aware Claim 5 was not intended, nor drafted, to encompass cuts in the roadway. Indeed when Glen

Thomas learned Mr. Whitney stated he intended the claims of '069 Patent to be limited to the road, Mr. Thomas made it clear "Mr. Whitney should keep his mouth shut." (A0905-0906); (A1199). PET continued to sue Dickson customers for infringement of the '069 Patent.

Dickson prevailed in its claims for tortious interference based on the objectively baseless and bad faith acts of Petitioner and its counsel. Dickson also prevailed in the finding of anticipation based on the prior art that Petitioner had received before the litigation with Dickson and which Petitioner withheld from the United States Patent and Trademark Office during reexamination of the '069 Patent.

REASONS FOR DENYING THE PETITION

The decisions below do not conflict with a decision of this Court or any Court of Appeals, nor do they implicate a federal question that has not been decided by this Court. Petitioner has not met its burden of demonstrating any "compelling reasons" for the Petition to be granted. Sup. Ct. R. 10.

(A) Objection to Questions Presented

Pursuant to Supreme Court Rule 15(2), Respondent objects to Petitioner's question number one as a perceived misstatement, by implication, of the factual record. Regarding Respondent's claim for tortious interference, the jury entered a verdict and awarded damages, and the District Court entered judgment, in

favor of the Respondent. Regarding this claim, Petitioner states the first question presented as:

> Can a patentee be held liable for tortious interference without an appropriate finding that the patentee's pre-suit actions were objectively baseless?

Respondent submits that this question is objectionable because it implies that no evidence was presented at trial that the patentee's pre-suit actions were objectively baseless. This is incorrect. At trial, and as discussed, *infra*, this response, evidence was presented that patentee's actions were objectively baseless, including but not limited to evidence that patentee's pre-suit actions were objectively baseless. Thus, Petitioner is merely asserting erroneous factual findings by the District Court in its Petition, arguing insufficient evidence — the only argument developed in its Petition.[1] Respondent submits

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[1] *See* Petition, at p. 8 (arguing insufficiency of the evidence and asking the U.S. Supreme Court to re-weigh the evidence presented at trial)

> The only evidence Dickson presented at trial regarding PET's alleged tortuous actions relate to PET enforcing its '069 Patent by successfully entering into ten (10) license agreements, instituting law [sic] suits or sending pre-litigation letters to companies like Midstate. Dickson did not provide any evidence establishing that PET's pre-litigation conduct was objectively baseless. Indeed, the evidence shows exactly the opposite.

As discussed, *infra*, there is sufficient evidence to support the jury's verdict.

that sufficiency of the evidence is the only issue fairly raised by either of the questions presented. *See* Sup. Ct. R. 14(1)(a) ("Only the questions set out in the petition, or fairly included therein, will be considered by the Court.").

(B) The Federal Circuit's Decision Affirming the Jury's Finding of Tortious Interference Is Consistent with Federal Circuit Precedent.

(1) The Decision Does Not Conflict with Precedent Establishing That Federal Law Does Not Preempt a State Law Claim for Tortious Interference Where the State Law Includes the Element of Bad Faith.

Petitioner commences its argument with a discussion that "federal patent law preempts state-law tort liability" and requires proof that the infringement claims of PET were "objectively baseless." Petition, at 7-8 & n.5. Federal law, however, does not preempt a state law cause of action for tortious interference if state law includes the element of bad faith in the enforcing of the patent or the rights under an invalid or uninfringed patent. *Dow Chem. Co. v. Exxon Corp.*, 139 F.3d 1470, 1477-78 (Fed. Cir. 1998). Petitioner's cited cases clearly establish pre-emption applies only with respect to good faith claims. *See e.g. Globetrotter Software, Inc. v. Elan Computer Group, Inc.*, 362 F.3d 1367, 1374-75 (Fed. Cir. 2004). Claims of tortious interference in Oklahoma require a showing of bad faith. *See Unitherm Food Sys., Inc. v. Swift Eckrich*, 375 F.3d 1341, 1366 (Fed. Cir. 2004), *rev'd on other grounds*, 546 U.S. 394 (2006).

The Federal Circuit has held that Federal law does not preempt Oklahoma's cause of action for tortious interference. *Id.* (citing *Zenith Elecs. Corp. v. Exzec, Inc.*, 182 F.3d 1340, 1355 (Fed. Cir. 1999)). Thus, though Petitioner does not expressly argue to the contrary, Petitioner's implication that the jury was improperly instructed on Oklahoma tortious interference law applying a "subjective" standard, rather than federal law, is incorrect.

For example, in *Unitherm*, the plaintiff sued a patent holder seeking a declaration the patent at issue was invalid and alleging a claim for tortious interference, an Oklahoma state law claim. The court entered partial summary judgment on validity in favor of the plaintiff, and the jury entered a verdict in favor of the plaintiff on its tortious interference claim. (A1431-1434). The Federal Circuit affirmed the jury verdict of tortious interference.

On appeal, the Federal Circuit noted that "[b]ad faith is a prerequisite to [a] state-law tortious interference claim; without it, the claim is preempted by patent law." *Id.* at 1366 n. 8. The Court went on to note that Oklahoma's claim for tortious interference requires "unjustified interference" and "malicious interference". *Id.* at 1366. After this discussion, the Federal Circuit did not find the state law claim for tortious interference preempted. *Id.* Moreover, the Court affirmed the jury's finding of liability for tortious interference, holding the "jury's finding was not

inherently unreasonable given [the] evidence."[2] *Id.* at 1367. As evidenced by *Unitherm* and the other cases cited, the Federal Circuit's Decision here does not conflict with Federal Circuit precedent.

(2) The Facts Presented at Trial Support a Finding of Tortious Interference under Federal Circuit Precedent and Petitioner's Assertions Here to the Contrary Fail to Mention All the Facts Presented at Trial.

The evidence presented at trial was sufficient to establish Petitioner acted intentionally and with malice towards Dickson. Furthermore, Petitioner's filing of this lawsuit was objectively baseless and in bad faith in view of the evidence available to Petitioner, and Petitioner's lack of inquiry. There was even more evidence Petitioner's claims were objectively baseless and in bad faith at the time the lawsuit was re-instated following reexamination. PET could have ceased asserting the claims at any time. Contrary to Petitioner's assertion, the evidence supporting a finding of tortious interference consisted of more than merely entering into 10 license agreements, instituting law suits or sending pre-litigation letters. (Petition, p. 8).

Dickson was the principal competitor of TGI regarding manufacture of machines to cut rumble strips. (A0911). Wayne Dickson provided testimony adverse to

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[2] Of note, under Oklahoma law, both tortious interference with prospective economic advantage and business relationship require interference that is unjustified and malicious. *See Unitherm*, 375 F.3d at 1366 (citing *Overbeck v. Quaker Life Ins. Co.*, 757 P.2d 846, 847-48 (Okla. Civ. App 1984).

Glen Thomas and TGI in litigation with Wirtgen. (A0903); (A0985-0987). Subsequently, PET obtained the '069 Patent and, with the information it knew or should have known (and clearly knew during the litigation) that the '069 Patent inventor did not intend to cover rumble strips cut in the shoulder (where Dickson's customers cut them), sued all of Dickson's customers effectively putting its principal competitor out of business while concealing for the entire reexamination the information it had that Claim 5 of the '069 Patent was invalid. (A1041-1046).

PET offered licenses at low rates (1 cent per foot), which caused parties to enter into licenses rather than engage in or continue expensive patent litigation, expressly strategizing that the desire to avoid litigation and the run-up of litigation costs was worth "something on the table" for PET in license negotiations. (A0959-0960).

Prior to filing this lawsuit, PET had received a detailed claim chart showing the Spangler Patent to read on and anticipate Claim 5. (A1516-1521); (A1107-1120); (A0935); (A0976). PET had Dustrol's Brief detailing the definition of road, which did not include shoulder. (A1104-1110). PET also received a copy of the Charles Thompson Affidavit with attached photos of the MTS, which described its operation. (A1499-1515); (A0926-0927); (A1120 lns. 20–A1121, ln. 16); (A1127 lns. 11-25). Also, prior to the initial filing of this lawsuit, Dickson obtained Affidavits of Glen Shed (A1497-1498) and Jeff Arnswald (A1495-1496) and sent these to PET. (A0936-0944); (A1594-1599); (A1600-1601). These Affidavits describe in additional detail the operation of the MTS

including its operation in a continuous manner during deglazing or cleaning of the blade and Mr. Arnswald's knowledge of continuous operation of a bump grinder. (A0936-0944); (A1125-1126). PET never contacted these witnesses to investigate. (A0945-0948). PET also knew from its video taping the Dickson equipment (operated by Midstate and Diversified) was only used to grind rumble strips in the shoulder and not the road. (A0955-0958); (A1580, A1583). In the face of all this prior art, Petitioner failed to conduct a thorough legal review or obtain a legal opinion of its infringement claims before filing suit. (A0982-0983); *See View Eng'g, Inc. v. Robotic Vision Sys., Inc.*, 208 F.3d 981, 984-86 (Fed. Cir. 2000) (failure to perform independent claim construction and formal written infringement analysis before filing infringement.).

Additionally, Mr. Whitney was aware of prior art related to rumble strips cut on the shoulder. He intended his patent to cover only rumble strips on the road and so instructed his patent attorney. (A1181-1185); (A1190). PET never contacted Mr. Whitney or his patent counsel prior to suing Dickson's customers. (A0904-0905); (A0983). It can be inferred this omission was willful ignorance. (A0905, lns. 23-A0906, ln. 23). Moreover, after Mr. Whitney stated the '069 Patent was limited to the road because he had seen evidence of the process performed on the shoulder in Florida prior to filing his patent application, Mr. Thomas made it clear "Mr. Whitney should keep his mouth shut". (A0905-0906); (A1199). Petitioner and Mr. Thomas were involved with counsel in all decisions and strategy in pursuing claims under the '069 Patent. (A1102-1103); (A1120); (A0908-A909).

In sum, sufficient evidence establishes that before filing the lawsuit, PET knew of substantial, invalidating prior art, including the Spangler Patent, which Dustrol counsel had explained in detail. This and other evidence supports the finding that Petitioner's claims were objectively baseless and in bad faith and the jury's verdict on tortious interference. There was no reasonable expectation of legal success, especially without factual and legal investigation in the face of knowledge of these facts. However, there was an expectation of licensees and settlements if the royalty and fees were set low enough. (A0959-0960). Also, the "Team" (PET and its counsel) had economic motives to continue licensing efforts, earning substantial licensing fees and legal fees prosecuting and enforcing the '069 Patent. (A1134-1135).

After filing this lawsuit, and during *the* reexamination, Whitney told Thomas that he did not intend for Claim 5 to cover *rumble* strips. (A0905-0906); (A1199). Moreover, Mr. Bain had conversations with the inventor himself in order to obtain an affidavit for use in this lawsuit. (A0947-0953); (A1132). This affidavit disclosed Mr. Whitney's knowledge of the MTS prior to filing the '069 Patent. Yet Mr. Thomas's reaction was to say Mr. Whitney should "keep his mouth shut." (A0905-0906); (A1199).

PET and its counsel, knowing its obligation and duty of disclosure, intentionally withheld material information from *the* patent office relevant to the '069 Patent, including: (i) Mr. Whitney's observation of rumble strips cut in Florida and Mr. Whitney's intentional limitation of the Claims; (ii) Mr. Whitney's knowledge of the MTS;

(iii) the Spangler Patent; (iv) the contents of the affidavits of Glenn Shed and Jeff Arnswald (including the bump grinder information); (v) the existence and contents of the affidavit of Charles Thompson and accompanying photographs; and (vi) and the video and photos of the actual MTS in operation. (A0965-0982); (A0915-0918); (A1094-1103); (A1112-1133). Petitioner's bad faith and objectively baseless lawsuits against Dickson and its customers caused Dickson to cease the manufacture and sale of its equipment and to incur significant legal fees and settlement costs defending the claims against its customers. (A1602); (A1041, ln. 18–A1046); (A1055-1057, ln. 21).

Significantly, PET acknowledges evidence of bad faith conduct related to the reexamination proceeding. Petition, P. 9; Petitioner's Appellate Brief, p. 38. Petitioner contends these *actions* were taken by Petitioner's former counsel and not Petitioner. The evidence does not support that. Mr. Thomas was deeply involved and *received* all information concerning prior art. (A0908-0909); (A1102-1103); (A0915-0917). Regardless, Petitioner is responsible for the actions of its counsel. *See Gripe v. City of Enid, Oklahoma*, 312 F.3d 1184, 1188-89 (10th Cir. 2002) (citing *Link v. Wabash R.R. Co.*, 370 U.S. 626, 633-34 (1962) ("Petitioner voluntarily chose this attorney as his representative in the action and he cannot now avoid the consequences of the acts or omissions of this freely selected agent")).

Petitioner's reliance on its purported "success" on the merits of the claim of infringement of Claim 5 of the '069 Patent regarding 160 feet of experimental cuts made in the road, not the shoulder, by Midstate is

misplaced. (Petition, pp. 8-9). Based on the prior art known by Petitioner, Petitioner knew or should have known at the time of filing that Claim 5 was invalid as anticipated or obvious. Claim 5 was invalid and/or unenforceable such that there could not be any infringement. *Vikase Corp. v. Am. Nat'l. Can Co.*, 261 F.3d 1316, 1323 (Fed. Cir. 2001). Petitioner did not succeed on any claim. Even if it had prevailed on this limited claim, Petitioner admitted Dickson was not liable for the experimental cuts Midstate made. (A1155).

The evidence established Petitioner acted in bad faith, with unjustified malice and in an objectively baseless manner, being aware of significant evidence the '069 Patent claims were invalid and not infringed by Dickson, but proceeded with the lawsuit in order to: (1) punish Dickson for its testimony in the *Wirtgen* case (the evidence of this is in the fact that only Dickson's customers were sued with the exception of Dustrol) (A0903); (A0911-0912); (A0985-0987); (2) put its only unlicensed competitor out of business (A0911-0913); (3) preserve its unlawful monopoly (the licenses offered included provisions that constituted bid rigging by excluding working in Florida) (A1141, lns. 6-A1142, ln. 23); and (4) preserve substantial royalty revenue at the expense of the public who pays for the costs of cutting rumble strips in roadways in the interstate highway system. (A1058). *Zenith Elecs. Corp. v. Exzec, Inc.*, 182 F.3d 1340, 1354 (Fed. Cir. 1999) ("Obviously, if the patentee knows that the patent is invalid, unenforceable, or not infringed, yet represents to the marketplace that a competitor is infringing the patent, a clear case of bad faith representations is made out.")

Accordingly, there is more than sufficient evidence to support the jury's finding that PET tortiously interfered with Dickson's business relationships. Petitioner's assertions that the Federal Circuit's Decision departs from precedent lack merit and ignore the numerous facts supporting a finding of tortious interference. Thus, PET fails to establish a compelling reason to grant its Petition.

In closing, PET asserts that the Petition should be granted "because the Federal Circuit's Decision departs from its long-standing precedent" and "the jury found PET liable for tortious interference based solely on a subjective bad faith standard." (Petition, at 10). This conclusory argument has no support citations to the record, and appears to merely be a mischaracterization of PET's insufficient evidence argument in an attempt to create a legal issue that might justify granting *certiorari*. As set forth above, the jury was properly instructed on tortious interference. The instruction and facts supporting the finding of tortious interference have been considered by the jury, the trial court on post-trial motions and the Federal Circuit on initial hearing and on an Application for Rehearing and on each occasion found sufficient.[3]

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[3] PET also argues that *certiorari* is necessary because the evidence that was presented by Dickson regarding its tortious interference claim was the same evidence that Dickson presented regarding inequitable conduct, which was remanded. Dickson disputes this unsupported contention. However, in any event, reversal and remand of inequitable conduct was due to conflict arising from the District Court's denial of Dickson's (Cont'd)

(3) Petitioner Failed to Object to the Jury Instruction on Tortious Interference and Also Provided a Nearly Identical Instruction.

Petitioner readily admits that Petitioner did not object to the jury instruction on tortious interference. Petition, p. 5 n. 4. Not only did Petitioner not object to the instruction, Petitioner submitted a substantially similar instruction. *Compare* (A1423-1426) to (A1428-1430). Under the invited error doctrine, Petitioner cannot now assert prejudice based upon an instruction substantially similar to the one Petitioner proposed. *See Glasscock v. Wilson Constructors, Inc.*, 627 F.2d 1065, 1067-68 (10th Cir. 1980); 9C Wright & Miller, *Federal Practice & Procedure* § 2558 (3d Ed. 2008).

To the extent Petitioner contends the jury instruction was improper, at best, Petitioner is left to argue "plain error," under which the appellate court "will affirm unless the instructions were patently, plainly erroneous and prejudicial." *Voda v. Cordis Corp.*, 536 F.3d 1311, 1328 (Fed. Cir. 2008). Petitioner has not asserted plain error, nor can it demonstrate plain error in view of the evidence. Not only did the jury find for

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(Cont'd)
motion for leave to amend regarding inequitable conduct in the reexamination, which PET asserts was not otherwise at issue in the lawsuit. It is indisputable that tortious interference was at issue without the need for any amendment, Dickson's motion for leave to amend had nothing to do with tortious interference, and there is no connection between the remand for inequitable conduct and the tortious interference claim. Any overlapping evidence that may exist between these separate legal claims is irrelevant to *certiorari*.

Dickson on the claim for tortious interference, the jury also found Petitioner liable for punitive damages. (A1431-1434). The punitive damages finding required that Dickson establish by clear and convincing evidence that Petitioner acted with reckless disregard of the rights of others with intentional malice towards others on Dickson's inequitable conduct claim. (A1433-1434). Thus, there is no basis for Petitioner to challenge jury instructions on tortious interference.

(C) The Federal Circuit's Finding of Anticipation is Consistent with Precedent and Does Not Present an Important Federal Question Undecided by This Court.

Petitioner fails to establish that the Federal Circuit's Decision affirming the finding of anticipation of the '069 Patent conflicts with decisions of this Court or a Court of Appeals. Petitioner does not assert that the issues of anticipation implicates an important federal question this Court has not settled. Petitioner merely asserts that the record does not support the Federal Circuit's conclusions. Petition at p. 13. Petitioner's disagreement with the facts presented and conclusions based thereon do not establish a compelling reason to grant the Petition.

(1) The Federal Circuit's Decision Correctly Concluded the Spangler Patent Contains Each Element of the Claim 5 of the '069 Patent.

The Federal Circuit reviewed the text of the Spangler Patent itself and determined the "Spangler

Patent discloses a grinding apparatus that can travel over the road surface while the grinding wheel is controlled by a hydraulic cylinder allowing the grinding wheel to move up above and down into the road surface, in order to cut rumble strips." Decision, pp. 5 - 6. In an anticipation analysis, what a prior art reference discloses is a factual determination that the Court reviews for clear error. Decision, p. 5, (citing *Zenon Environmental, Inc. v. U.S. Filter Corp.*, 506 F.3d 1370, 1377 (Fed. Cir. 2007)). The Federal Circuit's review and finding is in accordance with Federal Circuit precedent.

(2) The Expert Witnesses for Both Parties Testified Spangler Anticipates.

PET contends both parties' experts testified the Spangler Patent does not anticipate. This assertion is contrary to the evidence, which the Federal Circuit affirmed was more than sufficient. In fact, the Federal Circuit affirmed findings exactly opposite to Petitioner's contention by affirming that experts for both parties testified Spangler anticipates. Decision, p. 6. Mr. Bailey, testifying on behalf of Dickson, described in detail and testified at length concerning how the Spangler Patent disclosed each element of Claim 5 of the '069 Patent. (A0878, ln.12–A0888, ln. 21). Mr. Bailey concluded:

> Q. And do you have an opinion as to whether or not the Spangler Patent contains all of the elements of Claim 5?
>
> A. Sounds to me that it does. Yes.

(A0888 lns. 19-21). *See also*, (A0889, ln. 21–A0890, ln. 4); (A0893 ln. 11–A0894 ln. 9).

In addition PET's own expert admitted that the Spangler Patent would anticipate if the jury concluded that the Spangler Patent taught moving the cutting head above the road surface.

> Q. If the jury decides that the Spangler Patent, one of ordinary skill in the art would read it to include that movement of a half inch above the road surface or whatever the distance is to get it above the surface, then it would anticipate the Whitney patent because it would include every element, if that was the jury's decision?
>
> A. If that patent included that teaching, it would be anticipatory. It does not include that teaching.

(A1072, ln. 23–A1073, ln. 5).

Petitioner seeks to characterize the question as merely hypothetical. The question, however, was not merely hypothetical, but rather addressed interpretation of the Spangler Patent and whether there was movement above the road surface. There was sufficient evidence for the jury and courts to conclude the Spangler Patent disclosed movement above the road surface, thus Petitioner's expert's testimony supports a finding of anticipation.

Moreover, the Spangler Patent, as understood by one of ordinary skill in the art, is clear on its face that it anticipates. (A1464-1470); (A0893-0894). This is especially true in light of Claim 7. (A1464-1470). PET's statement the Spangler apparatus makes rumble strips

only by the *deposit* of material is contrary to the evidence. Decision, p. 6. (A0883-0888); (A0977-0978).

(3) Additional Evidence Further Supported a Finding of Anticipation and/or Obviousness.

In addition to the anticipating Spangler Patent, Dickson presented substantial evidence of additional prior art that anticipated or rendered obvious, Claim 5 of the '069 Patent. Dickson presented evidence of the Modified Target Saw ("MTS"). The MTS was continuously operated, not only in normal operation, but when cleaning or "deglazing" the blade and in demonstrating its operation. (A1202); (A1207); (A1209-1210); (A0815); (A1581). The saw blade rotated all the time the engine was on during slot cutting or blade cleaning. (A0808-0809). The blade was raised ***above the road surface*** during continuous operations and continued to rotate. (A1202). During blade cleaning, it was operated either on the shoulder or on an unused asphalt road surface. (A1203-1204). Again, the blade was raised above the surface during that operation. (A1206-1210); (A0811-0814).

Mr. Whitney testified about the method used to make the rumble strips he had observed in Florida prior to filing his patent. He measured and carefully studied them. They were uniformly spaced and shaped and appeared to have been cut continuously or automatically. (A1189-1190); (A1182-1184). This is exactly the method described in Claim 5 except they were placed on the shoulder not the road. (A1182-1184); (A1185).

Jeff Arnswald testified concerning using and designing bump grinders that simultaneously rotated while being moved up and down in to a surface to form a plurality of

grooves. (A0788, A0833-0843). Dickson also presented five witnesses, all with experience with rumble strips, road building and rumble strip grinding equipment. Chris Bailey was involved in the pavement marking business all his working career, beginning in 1974. (A0858). He knew Mr. Whitney, the inventor of the '069 Patent. *Id.*

Glen Shed, who conceived of the MTS and had it built by Jeff Arnswald, testified extensively about its operation ***and its observation by Mr. Whitney*** before he filed his patent application. (A1201). Mr. Whitney, the inventor of the '069 Patent, was involved in the highway striping and safety business his entire career. He was deceased at the time of the trial, but his video deposition was presented. He unequivocally intended his patent to cover only the road and not the shoulder because he knew he had seen evidence of this method used on the shoulder in Florida. (A1182-1184).

Wayne Dickson, President of Dickson, has manufactured and sold grinding equipment related to the road building industry. He was familiar with the MTS and gave extensive testimony concerning it. (A0988-0989); (A1000-1031). Steve Wells, owner of Midstate/ Sawhorse, has worked in the industry since 1973. (A1136). He detailed his knowledge of prior art. (A1149-1151) In contrast, PET offered Dr. Wood, a professor, with only one summer of experience with rumble strips as an intern in the Colorado Highway Department. (A1067). In short, Dickson presented substantial evidence in addition to the Spangler Patent to support the finding of anticipation and/or obviousness.[4]

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[4] Due to the finding of anticipation by the Spangler Patent, the Federal Circuit did not need to further address the issue of anticipation or obviousness based upon the other prior art in evidence.

CONCLUSION

Petitioner fails to establish compelling reasons to grant its Petition for *Certiorari*. The Federal Circuit Decision upholding the finding of tortious interference does not conflict with precedent or implicate an important federal question this Court has not addressed. Petitioner's assertions to the contrary ignore well established Federal Circuit precedent and substantial facts presented at trial supporting the finding of tortious interference. Petitioner also fails to establish that the finding of anticipation conflicts with precedent or presents an important undecided federal question. Petitioner again ignores or disagrees with the facts. Therefore, Respondents respectfully request that the Petition be denied.

Respectfully submitted,

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APPENDIX

APPENDIX A — EXCERPTS OF BRIEF FOR DEFENDANT/THIRD PARTY PLAINTIFF-APPELLANT PATENT ENFORCEMENT TEAM, L.L.C. DATED JULY 21, 2008

2008-1372, -1398

UNITED STATES COURT OF APPEALS
for the
FEDERAL CIRCUIT

DICKSON INDUSTRIES, INC.,

Plaintiff-Appellee,

v.

PATENT ENFORCEMENT TEAM, L.L.C.,

Defendant/Third Party Plaintiff-Appellant,

v.

MIDSTATE TRAFFIC CONTROLS, INC.
and SAWHORSE INVESTMENTS, L.L.C.,

Third Party Defendants-Cross Appellants.

Appeals from the United States District Court for the Western District of Oklahoma in Case No. 02-CV-467, Judge Joe Heaton

BRIEF FOR DEFENDANT/THIRD PARTY PLAINTIFF-APPELLANT PATENT ENFORCEMENT TEAM, L.L.C.

Appendix A

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JULY 21, 2008

* * *

militates against a finding of bad faith. *See Golan v. Pingel Enterprise, Inc.*, 310 F.3d 1360, 1372 (Fed. Cir. 2002).

Equally compelling is the fact that the only evidence of any bad faith conduct at trial related solely to the reexamination proceeding, which occurred long *after* this case was filed, and was based on actions taken by PET's former counsel, Akerman Senterfitt, *not* PET. In 2002, when this lawsuit was filed, PET realistically expected to succeed on the merits of its infringement claims, which immunizes it from liability for tortious interference. *See Professional Real Estate Investors, Inc. v. Columbia Pictures Industries*, 508 U.S. 49, 60 (1993); *GP Industries, Inc.*, 500 F.3d at 1374-75; *Globetrotter*, 362 F.3d at 1375.

Appendix A

In determining whether PET's claims were "objectively baseless" at the time it asserted its patent rights, a reasonable juror cannot possibly hold PET responsible for alleged misconduct that took place in connection with a proceeding that PET had no way to even know would ever exist! Consequently, there is no evidence to establish that PET's actions were in bad faith, i.e., objectively baseless, and the jury's verdict must be reversed. *See, e.g.*, *Globetrotter*, 362 F.3d at 1375 (finding no tortious interference because no efforts were made to establish that the claims asserted by the patentee were obviously invalid or plainly not infringed).

* * * *